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Matthews, Leonard

The proposed Eota
Company's plan...

St. Louis, Mo.

[1910?]

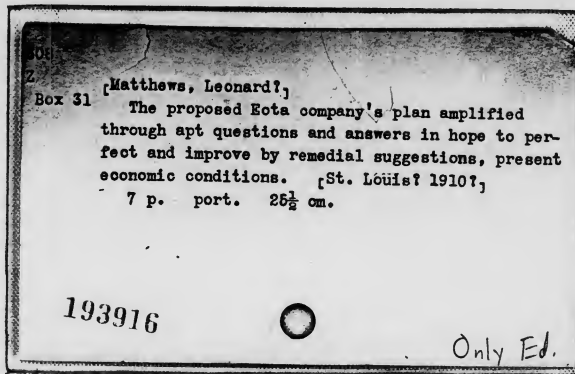
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The Proposed Eota Company's Plan Amplified Through Apt Questions and Answers in Hope to Perfect and Improve by Remedial Sug- gestions, Present Economic Conditions

By Request

As it is proposed to ask the Congress of the United States to incorporate a benevolent holding, and operating co-operative Company to be known as the Eota Company, an acrostic of the slogan: Equal Opportunity To All. With the right of eminent domain, with an unlimited capital and term of existence. To do all kinds of business, such as manufacturing, mercantile, banking, insurance, transportation, or any other kind it may consider in the public interest. The stock of which Company shall not pay over six per cent. per annum cumulative dividends. It shall be sold only for cash; at par, to our citizens at home, in sums not to exceed a hundred thousand dollars par value. Or exchanged at par for property, or stocks, at a fair and just market value. It shall be subject to call at par in any amount. From those, who hold more than a hundred thousand dollars, and any stock above this amount shall not have voting power. It shall never be owned or controlled by aliens or absentees. And it shall be under Government supervision and civil service rules.

The Author has been asked to amplify and explain the above plan, and answer the following questions, with appropriate explanations, in which necessarily much repetition of former papers must occur.

How would the necessary means be raised to finance such a gigantic scheme as this?

By capitalizing "privilege" license or franchise, they are all the same, and which is a National asset of immense value.

In what does this great value consist?

In the unearned increment of value in personality, caused by the profits charged in supplying the necessities and luxuries of a hundred millions of people, by manufacturing, mercantile, banking and other business.

Do not the masses receive these profits now?

No, the farmer or truck gardener receives little more than half the consumer pays. Middlemen and speculators on our exchanges, and the monopolistic trusts, both at home and abroad get the rest. The Chief of the Census Bureau estimates the average laborer creates \$3190.00 wealth annually, of which he receives \$618.00 or one-fifth of what he creates. The Industrial Commission report two per cent. of our people own half of the wealth of the Country. Ask the clerks and employes in the stores and offices, you will find they are barely able to live in the plainest manner, let alone obtaining luxuries or a competence for old age.

If only a million or two get an undue proportion of the current wealth, how is it possible?

It is through the abuse of the "privilege" by parasites, who, as human nature is constituted, cannot stand the temptations and allurements of wealth, and the Eota plan will remove these by creating elasticity in conditions, which do not exist now. Privilege! The units of which are now mostly individual, and monopolistic control, and charge any price the public will bear. Hence the cause of the high cost of living. Whereas, if the co-operative plan of the Eota Company was in vogue, its object would be to furnish goods at the lowest possible cost to the consumer, and not at the highest possible profit, which would enable it to pay higher wages, and at the same time lower the price of goods.

Why should not the stockholders in the Eota Company make the enormous profits the trusts do now, instead of only getting six per cent?

This is the cause of our present dangerous economic conditions, yet they will get it. But not in large dividends or profits, but in the great reduction in the cost of living and ability to pay higher wages than foreign com-

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petitors and it helps to produce elasticity in our economic conditions which would greatly increase the buying power of our currency. Besides furnishing goods at impossible prices by other nations.

Why is it, with such apparent prosperity, there is such unrest?

Because, in reality the prosperity is only to a very few favored Sons of Mammon, supply and demand does not regulate prices as it should and economic conditions are awry. Capital and labor arrayed against each other when they should walk hand in hand. In effect, Labor says to capital, "We cannot work for our old wages as it costs so much to live". The Farmer says to Capital, "We cannot sell our produce at old prices as labor and necessities are so high". Then Capital says to both, "We cannot sell or transport our goods at old prices as labor and commodities are so expensive". Thus it is. Up! Up! Up! Seldom down. No elasticity whatever.

A similar condition existed for years for want of proper elasticity in our currency system and it is hoped the Reserve Bank plan will give the needed elasticity, undoubtedly the Eota plan will give elasticity to economic conditions if we do not delay its adoption until it is too late.

Why do you not allow all of the stock to vote and prevent aliens or absentees holding and subject to call at par in any amount above \$100,000.00?

So as to prevent excessive wealth getting control and to keep it at par to supply anyone wanting it. Therefore, any stock beyond one hundred thousand par value held by one party would be non-votable and subject to call at par. As to aliens or absentees holding the stock, they would soon own all of it if allowed to. The Company is proposed for those at home, not abroad.

Why do you limit dividends to six per cent on the Eota stock, when it is capable of earning a hundred per cent?

Because it is a better dividend than nine-tenths of the masses can obtain and feel safe, and it will reduce the high cost of living. The greater the dividend the higher the price of goods. But the main cause is to be able to pay a higher wage to labor, and at the same time to be able to furnish goods, wares and merchandise cheaper than other nations could do, so as our captains of industry can purchase supplies to engage in business successfully abroad, when their plants will be absorbed.

Do you feel sure we can compete with the world?

Yes, a company with a hundred billions of liquid capital, managed in the interest of the masses, with thousands of our best men engaged in research work at the head of various bureaus, the benefits of which no one could conjecture, and has made Germany so much in advance of other nations, and more particularly in agriculture. A company which would have no interest or insurance to pay and which could loan any sum abroad, either for Governmental or industrial purposes, at three per cent, and furnish all kinds of supplies at the lowest prices ever sold; no one could doubt its success. But we should not be greedy and should be liberal, or else might get into trouble. Just here affairs become involved as our competitors buy foreign food and raw material which in many instances we do not want. Some nice adjustment must be made in this by wise cartels.

How would our Captains of Industry get money to engage in foreign trade?

The Eota Company would loan ninety per cent on the stock given them for their plants, at three per cent and sell them goods at prices so low as to defy foreign competition.

Suppose protective tariffs were passed to prevent shipping to the countries passing them? How could it be surmounted?

It would not be long before the Eota Company would own all sources of supply of raw material and thus compel the purchase of the finished goods.

Would not the proposed Company be unconstitutional or opposed to existing treaties?

If so, constitutional amendments or revision of treaties could easily be had, if the plan is adopted.

How would the Government or States raise money for State or National expenses.

The Eota Company should pay it. As privilege would be controlled by it, it would only be fair, it should pay the taxes either in peace or war, as soon as the budgets would be known, without any expense for collection. This

could be done by advancing prices of its wares so lightly that it would not be felt; of course the most on luxuries. If our hundred millions of people wore two pairs of shoes a year an advance of 25c a pair would be \$50,000,000. This would not be felt, and so on with thousands of articles. It would be the fairest tax ever imposed. No one would know it, and at the same time all taxes on real estate except for local government and social improvements voted by themselves, could be relieved, after the present taxes, which are a lien, will have been paid off. This would enable the farmer to form taxing districts to establish hamlets convenient to a neighborhood, with good roads, automobiles, assembly halls, stores, elevators, warehouses, etc., where the Eota Company would act as the go-between or agent at the least possible cost, and in many instances regulate the prices of produce, with all kinds of conveniences to make social life in the country desirable and invite those from the cities. This would give solidarity and a chance for co-operation with farmers never before known. When they could regulate legislation in the interest of the farm and labor more equitably than heretofore. Do you know that a third of the inmates of insane asylums are the wives and daughters of farmers? No doubt caused by the lonesome lives most of them lead, and that the most ostreperous criminals in our jails are soon tamed by being placed in solitary confinement. This is hint enough. Sexual, social or mental atrophy are among our most distressing diseases, known only to the psychologist as such. To remedy this alone, the farmer should advocate the Eota Company's plan, if for no other reason. In the cities the money could be spent in any way for general benefit the taxing districts could vote for.

Is not the Eota plan socialistic? Compare it with State Socialism?

Yes, it is a benevolent socialism, as its object is to reconcile the differences between capital and labor, and give all equal opportunities to earn his share of the good things in the world, which is a form of socialism or co-operation, as opposed to individualism, which latter gives two per cent. of our population over half the wealth of the country. The Eota Company is simply "preparedness" to give all that its name implies. Any form of bettering conditions by agreement or cartel between a number of people is a form of Socialism. All co-operation is Socialism in one form or another. When the trusts combine for any common purpose they are one of the worst forms of Socialism. Socialism of an individualistic form pervades all Europe. Brazil once cornered the coffee market, and borrowed \$100,000,000 in New York with which to do it. This was Socialism with a vengeance. The consequence is, we get three pounds of the best coffee for one dollar when we should get it for fifty cents, but this is Socialism all the same. Now, would it not be better to have the Eota form of Socialism for the mutual benefit of all and getting everything at the least possible cost than by allowing profits charged by the trusts and at the same time launching on the commercial world the greatest foreign financial and commercial business ever known.

As to State Socialism, if the Eota plan should be adopted, it would receive all the good and enjoy all the benefits it could hope for without fear of political demagogism, "open pork barrels" and Boss Tweeds, with the political corruption sure to follow. At one time the State of Pennsylvania owned the Pennsylvania Railroad but it caused such scandal that it was sold to the present company. This is warning enough. The fact is, the Eota Company would be the melting pot in which the good in all isms would be retained and the bad skimmed off as dross and cast on the slag pile.

Compare the Single Tax plan with the Eota Company.

The Single Tax plan is to raise all taxes from land alone, and tax it so high as to compel its utilization or else it will be sold for taxes, without compensation to its owner so as to prevent the enjoyment of the unearned increment of value which is created by supplying the necessities of our hundred millions of people. The object being to prevent speculation. But the Eota plan simply proposes to utilize the unearned increment of value in "privilege" by immense saving of abnormal profits now charged by the plutocrats with which to pay all state and national taxes, and thereby be able to remove them from all land, except for local government and social enjoyment, to be voted on by local taxing districts.

The unearned increment of value in personalty is immensely greater than in realty. Beside the Eota plan, through its right of eminent domain, could condemn any unused property, to be paid for by those needing it, which would prevent speculation without injury to those holding it, except any loss which might occur by advances, which is a national asset the same as "privilege" is such.

The only difference (except in degree) between the two plans is that one tries to utilize for the public benefit, the profits from real estate speculation in a very complicated manner, while the other utilizes the enormous profits from "privilege" in the most simple and direct manner in the mode of taxation, which if carried out, will cut the knottiest Gordian knot ever before the public, with immense benefit to the farmer.

Is not your plan too altruistic or ideal?

Perhaps it is. But when we consider the weakness of human nature in not being able to withstand the temptations and allurements of wealth, and its selfishness, all of which are at the bottom of our present economic conditions, and the cause of our existing wars, and that altruism means unselfishness or against greed, it does not look so. Sir Thomas More's Utopia was altruistic and ideal but impracticable. The above summing up of the frailties of our race are drawn from reports of the Pujo and other committees appointed by the Congress to investigate Wall Street and the Trusts. The conclusion in effect being that the ethics of the country are atrophied and almost purely conventional. Others do it, why not we? Therefore, with a comparatively few exceptions the people are not to blame, so far as conditions go, which have been gradually and imperceptibly forced on us, becoming worse and worse, not better at all, and no law, not even the Sherman Act, or prosecutions under them will remove the patho-gemic germ, "greed", by sterilization, caused by our undue desire for wealth. Therefore, as we cannot change human nature we must and can, if we will, destroy unhealthy or unethical conditions by removing the temptations. Here is an excerpt from a letter by the late and lamented philanthropist, Jacob A. Riis, on this subject. It shows a philanthropist's view on the plan:

"The Eota Company's scheme could only have been inspired, or thought out, by a man of leisure, who spent a large portion of his time in a beautiful garden, communing with nature, thinking beautiful thoughts, and condensing them into a lovely benevolent co-operative socialism, worthy to receive the Nobel prize for philanthropy, in showing how to prevent making money out of vice, and whose ethics could not be questioned, although some may differ as to the practicability of carrying out his scheme."

To prevent "making money out of vice" and giving all an equal opportunity to get a fair share of the wealth of the country, and enable us to do an immense foreign trade, is the crux of the whole scheme. Is this too altruistic, or ideal?

The following disadvantages we are under will show us good reason for the adoption of the Eota plan, which will take the place of those mentioned, as no other will accomplish the same object, as effectively as it will, and that it is not too altruistic. For instance, Mr. Edw. N. Hurley, Vice Chairman of the Federal Trade Commission said in a recent speech "Frankfort-on-Main is the home of combination of German metal buyers who control the world market for copper, lead, zinc and various other metals.

It is a family affair, and it has subsidiary companies in England, France, Belgium, Switzerland, Australia, Africa, Mexico, and the United States."

It is said before the war, Germany had 600 combinations having the cartel form interlocked, and covering international territory. Buying and selling collectively, so that with copper alone, Europe paid about \$53,000,000 less than the United States should have received.

Another glaring instance, which shows, from want of proper organization, how we unknowingly become "lambs" to superior organization, or perhaps, ability, in which our farmers are particularly interested, is, that Germany compelled all producers of potash to sell through one company at double current prices, and at the same time, she compelled the Company to again double the price to the rest of the world, and deposit this latter profit

into the National Treasury. Here is initiative which will make our captains of industry feel a tinge of envy. Once the writer was an apothecary, when there were two little boys standing in front of his store, one said to the other, "Bill if you go in, and beg a stick of licorice, I'll give you half of it." This is the kind of initiative we have to deal with abroad, and give up half. These instances are a bagatelle to what has been going on, and will go on against our interest, after the war, if we are not prepared for it. One great co-operative Company as suggested will do all that will be needed, it will be awake all the time while we sleep, and unless we have some such cartel when we come in world competition, we will feel like thirty cents, and look it too. Our present economic conditions will not enable us to enter the competition we will meet.

Why could not the Eota System with its immense power take the place of collective buying and selling, as now practiced abroad and largely against our own interest, when the company could say the price of cotton shall be twenty cents with weekly or monthly quotations on grain, tobacco, oils, metals, etc., thus in a measure fixing world quotations.

We have seen the disadvantage we have been subjected to, let us try to regulate world prices ourselves. No doubt some just and equitable mode can be found which will be to our advantage, even if only it will break up the present scheming abroad against our interest. The subject is involved, but combined wisdom will solve it. This wisdom the combined ability of the heads of bureaus will furnish.

Do you feel sure the dividends will be earned, and how would you propose to start the Company?

The prices of the goods, wares and merchandise, as well as profits, in banking, insurance, etc., would be so fixed as to insure all dividends, unless it might be the first one from lack of experience, and as it is cumulative, it matters but little.

As to starting the Company, it might be done by taking up first one, then another article, say some in which there are great profits. Perhaps some philanthropist of wealth may start it, under a state charter before a national one could be had, with the ultimate intention of merging into the Eota Company, when chartered. This mode, or many others might be used, or the farmers and laborers could start it, and merge all existing co-operative companies into it.

Suppose a manufacturing company with a million paid up capital, a large surplus, and earning large profits, with bonds out, and a twenty year lease. How would you proceed to commandeer it?

It would not need commandeering, for that is the use of the right of eminent domain, and unnecessary. But, if the Eota Company was in force, the company would know that it could not compete with one of a hundred billions of liquid capital, and would be glad to accept the Eota stock at par for its plant, at a fair and just valuation, and its debts, and lease would be assumed by the Eota Company. This would be fair, as conditions encouraged the parties to build, and operate the plant, and no injustice should be worked on innocent parties for public benefit without paying for it. The public would get immediate use of the plant and in many instances they would become useless. But better this than cause undue opposition, as the loss would soon be made up by the immense savings in the public interest. It would be fair to pay 100,000 in six per cent regular stock, and the remainder in non-voting stock.

What became of all the wealth once owned by Babylon, Nineveh and other ancient cities or countries?

It is where the present wealth of this country will be, if we do not soon change present conditions. Their wealth consisting of cattle land, leases, contracts, merchandise, etc., and their civilization, refinement, prosperity and everything, was comparatively as great as ours. But a wave of anarchy rolled over them, and like the dust in a street when a sprinkling cart passes over it, it was no more, except uncultivated land but no one to till it. It was something, and is now nothing. We may not go as far back in barbarity as did these countries, but it is no great stretch of the imagination to conceive it. This subject is fraught with immense concern for good, or evil. It will be better to think of possible consequences, before it is too late.

Many co-operative companies, labor unions, and other schemes have existed for hundreds of years past, but they have never broken up the immense harmful wealth now held by a comparatively few plutocrats, and largely used against the public weal, except by revolution. Why is this so?

Because there is no other way to break up the harmful influence of wealth, except by the way proposed, through the Eota Company. This is a bold assertion, but try it yourself, or offer a better plan, so that, under the rules of "research," which are to conceive a theory, or plan, and then imagine and hunt for all the objections against it; when, if it stands all these tests, it becomes a science. Therefore, the Eota Company giving equal opportunity to all to earn a livelihood, and competence by breaking down the greatest barrier to it, viz., the immense accumulation of harmful wealth in control of a comparatively few units, continually used, through greedy desires, against the public weal. No law can prevent it, no plan will succeed permanently, except the one proposed.

It would be unjust to take wealth from one, to give to another, and unjust to limit an individual from earning, legitimately, any amount of wealth, but it would not be unjust to prevent him having greater opportunities than others to earn this wealth, and this is what the Eota Company will do, with the least possible injury to present business, to reform so great an evil. No one can deny we should all be on an equal footing.

New conditions require new laws. Legislation hereafter must favor the farmer, ignore the "few." With prosperous farming all will prosper and our judges must interpret the laws in this spirit.

How would the Eota Company interfere with business at home, and abroad?

At home, all manufacturing, banking, insurance, transportation, and a few other kinds of general business would be absorbed. Retail stores, gardeners, farmers, plumbers, carpenters, doctors, etc., would be undisturbed. Most parasites would become producers, instead of consumers. Most avocations are overcrowded, this would cease. Foreign trade would be our principal and most profitable business. Each unit, (under the guidance of the Eota Company) which acted in good faith, would be furnished goods, and credit at the lowest possible prices, and only interfered with when any customer acted in a unbusinesslike or injurious manner to the nation, so as to offend their patrons and provoke ill will. This foreign trade would bring us gold from every quarter of the globe, enabling us to issue billions of currency, secured by this gold, and thus enable us to loan foreign governments, and industrial enterprises, cheap money, and at the same time helping our citizens abroad to secure more trade and it would become a world currency.

In case of a great war, could the Eota Company issue bonds if needed, to finance the Government?

There is no reason why it could not, but it could probably carry on the war with cash.

Enumerate some of the things the Company could do?

One great thing would be standardizing many things which would greatly reduce the cost of living, with more comfort than we now have. Engineers and contractors could build railroads, canals, bridges and all kinds of buildings abroad with cheap structural material furnished by the Eota Co., so as to defy competition and give employment to millions of our people as well as to the natives. It would have bureaus and zones for business to manufacture, distribute, buy and sell goods, each unit of which would be managed by experts, much more economically than Government units, after a few years experience and education. No doubt some speculation would occur, but, it would not be very long before this would be almost unknown. Jails, insane asylums, and poverty, would almost be matters of history, as morality, social equality, and the simple life would largely prevail.

Will not the Government and the Eota Company be controlled by the same parties?

In a measure this will be the case. But suppose for instance, the Government determined to levee the Mississippi, or build a canal from St. Louis on each side of the river to the Gulf, to gain immense electric power, and cheapen transportation, a very questionable enterprise, or to irrigate arid lands, etc. There would be no more "pork barrels" to open in Congress, as

most of the Congressmen would be stockholders in the Eota Company, as well as the Eota Company itself, would see to it, that the improvements would be for the public good, and if not, the bills would not be passed. Every measure passed by the Congress would be reciprocal with the Eota Company, as those now before the country should be.

In one of your papers you stated the farmer furnished the produce and money to enable the pluto-olco-crats (the author has as much right to coin words as anyone else) on the exchanges, to exploit their own pockets. Will you explain how?

By storing their cotton, grain, etc., through their commission merchants, in warehouses and borrowing money on certificates, and depositing their money in banks. Speculators use both to depress the markets when harvesting crops, and to advance them, after they have purchased, or control most of them through predatory manipulation on the exchanges. The Eota Company would be the farmers' agent, and help him to carry, and sell his produce at the best advantage, and furnish reliable statistics.

Would you propose any way to distribute or limit great wealth?

Only by a wise graduated income tax on excessive receipts, say 10,000 dollars, and up, or by a succession tax, and compelling investors to get income instead of excessive profits. As the farmer, and laborer with the land, are the only sources of wealth, they should enjoy more of the wealth they produce, and this, the Eota Company would help them to do, by absorbing present excessive profits, and dispensing them in the low cost of living, besides its six per cent dividends.

If the Eota plan should be adopted, would it disturb former employees very much?

Probably not, as it is likely, until a proper adjustment of help could be made, the old employees would wind up the affairs of the concerns taken over, and in the meantime they could adjust themselves to the new conditions, and country life would become so desirable, that millions would seek homes on the farm.

What would be the effect on social and economic conditions?

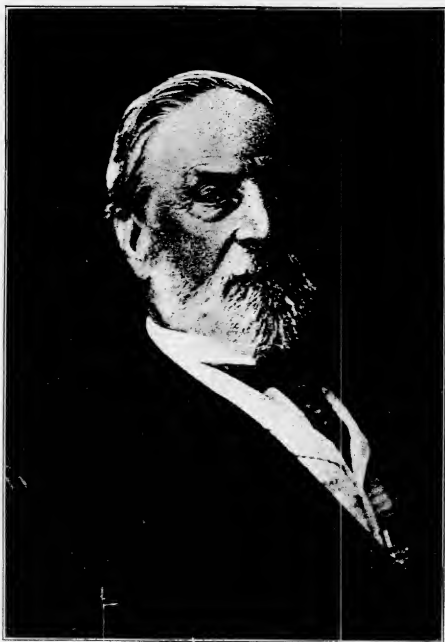
The moment it would be determined to adopt the plan, there would be an immense amelioration in conditions, in social, economic and industrial life. The Company, or the Government through the Company, would start all kinds of improvements, for public benefit, to give work to all needing it. Those now engaged in various avocations absorbed by the Eota Company, will engage in the same abroad, taking many assistants with them, and the want of skilled mechanics, and labor, coupled with the desirable conditions here will induce immense emigration to our shores, of the best classes.

Would not our ability to compete engender a bad feeling against us abroad?

Yes, and we should be wise enough to cause as little feeling against us as possible, by not being too greedy, or in any other way offend. The Eota Company would keep an eye on this.

Will we not be able to do an immense foreign business when the war is over?

Not unless we have our own ships, as we will be dependent on our competitors, and they will see to it that we do not compete with them. Another thing, unless we can furnish goods, money, or other things cheaper or better than our competitors, we will simply be the laughing stock of all foreign countries, and unless we adopt the Eota plan, we will not succeed. We must furnish cheap goods, or we will fail. Enough of incidents are here given to show there are others quite as smart as we are. We are not in such condition to do this now, and all we can offer will be too high.



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